

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2014	December 31, 2013
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 36,876	\$ 62,843
Receivables, net.....	2,141,872	1,333,113
Inventories.....	1,792,567	1,577,475
Prepaid assets.....	301,639	1,555,223
Other current assets.....	252,945	237,122
Total current assets.....	4,525,899	4,765,776
Investments.....	322,429	335,456
Property, plant and equipment, net.....	934,863	939,154
Goodwill.....	394,006	394,067
Other intangibles, net.....	194,092	196,029
Other assets.....	137,017	127,728
Total assets.....	\$ 6,508,306	\$ 6,758,210
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 764,800	\$ 95,406
Current portion of long-term debt.....	60,541	63,411
Accounts payable.....	1,460,563	1,353,304
Customer advances.....	673,810	1,836,643
Accrued liabilities.....	514,378	476,552
Patronage refunds and other member equities payable.....	87,364	68,715
Total current liabilities.....	3,561,456	3,894,031
Long-term debt	1,040,576	1,041,088
Employee benefits and other liabilities.....	330,602	324,539
Commitments and contingencies.....	—	—
Equities:		
Capital stock.....	857	860
Member equities.....	1,148,785	1,108,282
Accumulated other comprehensive loss.....	(129,805)	(129,146)
Retained earnings.....	538,331	500,721
Total Land O'Lakes, Inc. equity.....	1,558,168	1,480,717
Noncontrolling interests.....	17,504	17,835
Total equities.....	1,575,672	1,498,552
Total liabilities and equities.....	\$ 6,508,306	\$ 6,758,210

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2014	2013
	(\$ in thousands)	
Net sales.....	\$ 4,295,343	\$ 4,043,389
Cost of sales.....	3,898,780	3,708,511
Gross profit.....	<u>396,563</u>	<u>334,878</u>
Selling, general and administrative.....	263,935	247,134
Earnings from operations.....	<u>132,628</u>	<u>87,744</u>
Interest expense, net.....	15,140	14,961
Other income, net.....	(1,817)	(2,303)
Equity in earnings of affiliated companies.....	(8,042)	(4,627)
Earnings before income taxes and discontinued operations.....	<u>127,347</u>	<u>79,713</u>
Income tax expense.....	8,417	7,398
Net earnings from continuing operations.....	<u>118,930</u>	<u>72,315</u>
Net earnings (losses) from discontinued operations.....	5,770	(782)
Net earnings.....	<u>124,700</u>	<u>71,533</u>
Less: net losses attributable to noncontrolling interests.....	(291)	(25)
Net earnings attributable to Land O'Lakes, Inc.....	<u>\$ 124,991</u>	<u>\$ 71,558</u>
Applied to:		
Member equities		
Allocated patronage.....	\$ 87,563	\$ 63,594
Deferred equities.....	—	—
	<u>87,563</u>	<u>63,594</u>
Retained earnings.....	37,428	7,964
	<u>\$ 124,991</u>	<u>\$ 71,558</u>

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2014	2013
	(\$ in thousands)	
Net earnings.....	\$ 124,700	\$ 71,533
Other comprehensive earnings, net of tax		
Pension and other postretirement adjustments, net of income taxes.....	773	163
Cash flow hedge adjustments, net of income taxes.....	(1,292)	1,195
Foreign currency translation adjustments, net of income taxes.....	(181)	623
Total other comprehensive earnings (loss).....	<u>(700)</u>	<u>1,981</u>
Comprehensive earnings.....	124,000	73,514
Less: comprehensive earnings attributable to noncontrolling interests.....	(332)	228
Comprehensive earnings attributable to Land O'Lakes, Inc.....	<u>\$ 124,332</u>	<u>\$ 73,286</u>

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2014	2013
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$ 124,700	\$ 71,533
Adjustments to reconcile net earnings to net cash used by operating activities:		
Depreciation and amortization.....	33,311	32,208
Amortization of deferred financing costs.....	697	663
Bad debt expense.....	(540)	1,093
Proceeds from patronage revolvment received.....	235	983
Non-cash patronage income.....	(2,095)	(2,706)
Deferred income tax (benefit) expense.....	—	5,406
Impairments.....	8,961	—
Gain on sale of investments.....	(5,091)	(2,471)
Equity in earnings of affiliated companies.....	(8,042)	(4,627)
Dividends from investments in affiliated companies.....	8,580	13,596
Other.....	105	(1)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(801,349)	(758,488)
Inventories.....	(215,005)	(145,564)
Prepays and other current assets.....	1,239,666	955,125
Accounts payable.....	107,097	314,359
Customer advances.....	(1,162,833)	(982,093)
Accrued liabilities.....	48,729	21,958
Other assets.....	(1,209)	(1,003)
Other liabilities.....	(7,606)	(9,522)
Net cash provided (used) by operating activities.....	<u>(631,689)</u>	<u>(489,551)</u>
Cash flows from investing activities:		
Additions to property, plant and equipment.....	(33,620)	(39,420)
Purchase of intangible assets.....	(386)	(400)
Acquisitions, net of cash acquired.....	—	1,950
Investments in affiliates.....	—	(2,039)
Net proceeds from sale of investments.....	17,100	16,475
Proceeds from sale of property, plant and equipment.....	1,089	734
Change in notes receivable.....	(15,082)	4,989
Other.....	—	(1,975)
Net cash used by investing activities.....	<u>(30,899)</u>	<u>(19,686)</u>
Cash flows from financing activities:		
(Decrease) increase in short-term debt.....	668,981	534,846
Proceeds from issuance of long-term debt.....	580	—
Principal payments on long-term debt and capital lease obligations.....	(4,708)	(2,450)
Payments for redemption of member equities.....	(28,232)	(20,774)
Other.....	—	23
Net cash (used) provided by financing activities.....	<u>636,621</u>	<u>511,645</u>
Net (decrease) increase in cash and cash equivalents.....	(25,967)	2,408
Cash and cash equivalents at beginning of the period.....	62,843	66,289
Cash and cash equivalents at end of the period.....	<u>\$ 36,876</u>	<u>\$ 68,697</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest.....	\$ 12,337	\$ 12,875
Income taxes.....	1,010	1,274